

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE



NATIONAL BISCUIT COMPANY

ANNUAL REPORT

DECEMBER 31, 1936

MRS.
CORP. FILE

To the Stockholders of
NATIONAL BISCUIT COMPANY



The following Statements
show the
INCOME AND EARNED SURPLUS
and
CONSOLIDATED BALANCE SHEET
of the Company at the close of business
December 31, 1936.

CONSOLIDATED INCOME AND EARNED SURPLUS

Earnings for the year 1936:

From Operations	\$18,058,803.05	
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From Interest, etc.	219,745.95	
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Total		\$18,278,549.00
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Less:

Depreciation	\$2,704,163.19	
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In addition to retired plant items aggregating \$976,062.78
(\$158,218.38 in 1935) charged direct to operations.

Provision for Federal and Foreign Income Taxes	2,934,308.72	5,638,471.91
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Net Earnings for the year	\$12,640,077.09
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Earned Surplus December 31, 1935	12,132,119.62
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Revaluation of Securities	34,636.33
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\$24,806,833.04

Less:

Preferred Dividends Paid	\$ 1,735,699.00	
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Common Dividends Paid	10,042,718.80	11,778,417.80
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Earned Surplus December 31, 1936	\$13,028,415.24
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Note: No Provision Made or Required for Federal Surtax on Undistributed Profits.

CONSOLIDATED

ASSETS

Cash	\$26,154,203.47
U. S. Bonds (Quoted Market \$817,719.54)	757,500.00
Municipal Bonds (N. Y. City) (Quoted Market \$22,842.50) Note: \$431,500.00 Principal Amount U. S. and N. Y. C. Bonds deposited for special reasons.	18,500.00
Accounts Receivable	2,397,885.02
Raw Materials, Supplies and Finished Product (At Cost or Market, whichever is lower, less Special Inventory Reserve of \$1,019,381.51 charged to prior earnings.)	8,912,912.62
Total Current Assets	\$38,241,001.11
Notes and Mortgages Receivable	103,069.29
Notes and Accounts of Officers and Employees (For Capital Stock Subscriptions)	186,228.12
Company's Capital Stock Purchased for Resale to Employees (Quoted Market \$422,400.00)	374,525.95
Plants, Real Estate, Machinery, Intangibles, etc. (At Cost in Cash or Capital Stock, Less Allowances for Depreciation.)	84,219,395.03
Prepaid Expenses and Deferred Charges	854,936.35
Total	<u>\$123,979,155.85</u>

BALANCE SHEET

LIABILITIES

Accounts Payable	\$1,719,170.13
(Purchase Invoices, Pay Rolls and other Accruals not due for payment.)	
Reserve for Federal and Foreign Income Taxes	4,201,479.82
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Total Current Liabilities	\$5,920,649.95
Insurance and Contingent Reserve	7,675,097.12
Capital Stock, Preferred	24,804,500.00
(Par Value \$100.00—7% Cumulative) Shares authorized 250,000, issued 248,045	
Capital Stock, Common	62,894,480.00
(Par Value \$10.00) Shares authorized 12,000,000, issued 6,289,448	
Earned Surplus	13,028,415.24
Capital Surplus	9,656,013.54
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Total	<u><u>\$123,979,155.85</u></u>

CERTIFICATE OF AUDITORS

The President and Board of Directors,
National Biscuit Company,
New York, N. Y.

We have made an examination of the consolidated balance sheet of the National Biscuit Company and its subsidiary companies as at December 31, 1936, and of the statement of consolidated income and surplus for the year 1936. In connection therewith, we examined or tested accounting records of the parent company and of its subsidiaries and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based on such examination, the accompanying consolidated balance sheet and related statement of income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, their consolidated position at December 31, 1936, and the results of their operations for the year.

LYBRAND, ROSS BROS. & MONTGOMERY

February 5, 1937.

The foregoing balance sheet shows the financial condition of our Company at the close of its thirty-ninth fiscal year.

Our bakery at Cincinnati, Ohio, was sold to that city, as it stood in the path of a new highway development. That territory is now being served by several of our nearby plants.

Our New York plant is being constantly modernized, with resulting economy in production and improvement in the quality and appearance of the product. Efficiencies and improvements demonstrated here will as soon as possible be extended to our other

important manufacturing units.

We believe it is timely to give a brief statement of our policies and attitude toward people in our employ.

We have always paid the highest wages in our particular industry and better wages or as good as those in most industrial lines.

We have had for years a participating plan of group insurance which has proved to be a great benefit to the peace of mind of those with family responsibilities and a real help to their dependents in time of trouble.

Non-contributory pensions are granted to

retired employees and the earliest pension of record is thirty years ago. Each case is given consideration on its merits and at present there are seven hundred and ninety pensioners on the roll.

Every plant has capable and sympathetic health service, constant in the larger places, and at least once a week in the smaller ones. Here are taken care of not only accident cases, but advice and treatment in cases due to any cause. All employees are examined at least once a year to check the general trend of their health and give advance information on any

general preventive or curative course.

We are resuming this year a paid vacation of one week to all those who have been in our employ for one year. This plan was instituted some years ago, but discontinued in 1932 due to conditions at that time.

An intensive safety campaign has been carried on by the Company for a number of years. All equipment is provided with modern safety guards and appliances and our employees have contributed their whole-hearted support to our safety educational plan. The results have been gratifying. During the past

ten years our industrial accidents have decreased fifty-seven per cent and our automobile truck accidents seventy-eight per cent.

Each year there is a variation in flours due to different growing conditions in the wheat belts from which we draw our supplies. This has created a difficult problem periodically in the manufacture of our plain and salted crackers of various types which represent a large percentage of our business. Methods have had to be changed every year when the new crop came into use. After long research our Laboratory has found a method to over-

come these yearly variations, and we are now able to maintain a uniform quality of these products, which has materially helped their sale.

There has been an improvement in the competitive situation of low priced poor quality merchandise. With returning prosperity consumers are again mindful of quality rather than price and our sales have shown consistent gains.

ROY E. TOMLINSON

President

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FREDERICK BEERS

HENRY J. COCHRAN

ROBERT A. FAIRBAIRN

EDWARD F. LOW

EDWARD S. MOORE

JACKSON E. REYNOLDS

WYNANT D. VANDERPOOL

ALBERT G. BIXLER

FRANKLIN D'OLIER

HOWARD M. HANNA

OGDEN L. MILLS

PAUL MOORE

ROY E. TOMLINSON, Chairman

JOHN G. ZELLER

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PAUL MOORE

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EDWARD S. MOORE

ROY E. TOMLINSON

FRANK E. BUGBEE, Secretary to the Board

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FREDERICK F. BRODESSER

Assistant Treasurer

TRANSFER AGENT

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